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**THIRD REPORT ON THE IMPLEMENTATION OF COUNCIL REGULATION
3577/92 APPLYING THE PRINCIPLE OF FREEDOM TO PROVIDE SERVICES TO
MARITIME CABOTAGE (1997-1998)**

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EXECUTIVE SUMMARY

This is the third two-yearly report by the Commission on the implementation of Council Regulation 3577/92 relating to the freedom to provide maritime cabotage services in the EU and covers the period 1997-1998. As in the previous reports, the present report deals with the legal and market developments in the EU Member States and in the EFTA States, with the extension of Regulation 3577/92 to the EEA and with the comparative manning costs for cargo vessels.

Concerning the **legal developments** in the different Member States, it can be pointed out that under the regulation, all of the Member States first registers have access to EU cabotage. Of the second registers, the Spanish Special Register of ships and shipping companies of the Canary Islands (REC) and the Portuguese Madeira (MAR) registers have unrestricted access. MAR vessels had until recently (August 1999) access to mainland cabotage only. The Danish International Ship Register (DIS) cargo vessels but not passenger vessels have access. Vessels registered in the German International Ship Register (ISR) and in the Finnish List of cargo vessels in foreign traffic should have access on a case by case basis and not have access to regular/year round cabotage. Several Member States adopted new texts concerning access to cabotage trades or adapted existing legislation to the regulation. In addition the five Southern Member States have recently adopted regulations imposing their host state conditions concerning all matters relating to manning to be applied by EU vessels carrying out island cabotage services in their waters and for services with vessels smaller than 650 gt.

The Northern Member States already had fully liberalised cabotage when the regulation entered into force or have fully liberalised them in the meantime. The Southern Member States traditionally reserved domestic cabotage trades to the national flag. Therefore the regulation provides for a gradual opening of the Southern Member States' cabotage markets.

During the reference period of this report, two cabotage segments were liberalised in the Southern Member States: services involving the transport of strategic goods (oil, oil products, drinking water) and services by ships smaller than 650 gt. It should be noted in this context that the Commission has relied for the data in this, as in previous reports, upon work carried out by a consultant. It appears that when the consultant has collected material for this report from the Member States, the necessary data has not always been available. For this reason, some of the data used has involved estimates. In particular, since only estimates were available for the year 1998 in which the services by ships smaller than 650 gt were liberalised, the report presents data only for 1997 concerning liberalised cabotage volumes.

The liberalisation of the strategic cargoes led to a substantial increase in the volume of liberalised cargoes (from 18.1 mln tonnes in 1995 to 43.15 mln tonnes in 1997) which more than doubled from 13% of the total South European trade volume in 1993 to 31% in 1997. However, this increase has not, during the reference period of this report, been followed by a similar increase in the market penetration of non-domestic flags.

The **foreign flag share** (including non-national EU carriers and third country carriers) in the total cabotage trades of the South European Member States developed from 8.35 mln tonnes in 1995 to 9.05 mln tonnes in 1997.

The participation of non-national EU carriers in the **liberalised sector of the southern European cabotage** on the basis of the Regulation decreased in relative terms from 9.4% of

the liberalised cargoes during 1995 to 8.1% in 1997 but increased in terms of volume carried from 3 mln tonnes to 5.75 mln tonnes. There was an increased participation of other EU vessels in the French cabotage in liquid products, of Spanish owned MAR vessels in Spanish cabotage and of other EU vessels in the Italian specialised cargo cabotage sector. These developments did not substantially affect the national markets since the same vessels operated before in French and Spanish cabotage under waivers and the Italian fleet has never had specialised vessels in its own fleet. The participation of non-EU carriers through waivers in the liberalised sector decreased as well in relative terms from 7% in 1995 to 5.2% in 1997 of the total liberalised cargoes but increased in terms of volumes carried from 1.3 to 2.25 mln tonnes, particularly in Spain.

In the **non-liberalised southern European cabotage**, the carriage by waivers by non-national vessels decreased from 5.35 mln tonnes in 1995 (of which 0.5 mln tonnes was carried by non-EU carriers and 4.85 mln tonnes by EU carriers) to 3.3 mln tonnes in 1997 (of which 2.0 mln tonnes were carried by non-EU carriers and 1.3 mln tonnes by EU carriers). However, the participation of non-EU flags in the protected trades through waivers increased nearly fourfold during this period, particularly in Spain also.

A total of 4.25 mln tonnes were carried by non-EU carriers under **wavers** in 1997 as compared to 1.8 mln tonnes in 1995 in the South European cabotage trades.

As far as the **involvement of the DIS and MAR vessels** is concerned, MAR vessels are active in Portuguese and Spanish cabotage trades. DIS vessels operate in other EU countries mainly in container feeder trades and with specialised vessels. No increase in MAR involvement in other EU trades since 1995 has been recorded. There was no involvement of non-national flag vessels in passenger cabotage trades.

It is to be expected that the liberalisation of island cabotage from 1 January 1999, and in particular of the roll-on/roll-off ferry segment, may have a more significant impact on the market in terms of non-domestic flag share. There are two reasons for this: it is a relatively important segment and a number of current public service contracts, at present benefiting domestic companies, are expected to attract interest from companies in other Member States when they come to be tendered. The first results of liberalisation of island cabotage and the ferry segment will be the subject of the next report covering the years 1999-2000.

The liberalisation of the strategic products and of services by vessels less than 650 gt had no noticeable impact on **cabotage related employment in the South European Member States** since it had no effect on the number of vessels on these trades nor on the numbers of EU seafarers employed.

During the reference period **Regulation 3577/92 was finally extended to the EEA** by Decision of the EEA Joint Committee of 4 October 1997, which entered into force on 1 August 1998. It grants full access to EU cabotage trades for Norwegian and Icelandic flag vessels and full access to Norwegian and Icelandic cabotage trades for EU vessels. However, the Norwegian International Ship Register (NIS) vessels do not have access to EU cabotage under Regulation 3577/92 and, as a consequence, these vessels will not be able to carry out cabotage in the EU on the basis of the Regulation. On that occasion, Norway made a statement by which it declares that it does not have the intention of amending its law concerning the Norwegian International Ship (NIS) Register in respect of access of NIS registered vessels to the Norwegian cabotage. Fleet developments were only significant for the NIS fleet which increased by 4% from 1995 to 1997. Apart from the NIS vessels, EFTA

vessels continue to have only a minor involvement in the cabotage trades of the EU Member States.

With regard to **crew costs for cargo vessels** for 1998 the report shows that the second registers continue to have the lowest crew costs. The MAR flag would seem to be the cheapest flag to operate together with the DIS followed closely by the Dutch flag, the NIS and the REC. The French, Swedish, and Belgian registers are the most expensive. The Icelandic and Norwegian registers are slightly less expensive than the latter. Changes in the state aid regimes for the different registers during the reference period have only minimally affected their relative position among the EU and EEA registers.

1. INTRODUCTION

1. This is the third report on the implementation of Council Regulation 3577/92¹, which entered into force on 1 January 1993 and provides for a staged introduction of the freedom to provide maritime cabotage services within the EU. The regulation provides that every two years the Commission shall present to the Council a report on the implementation of the regulation and, if appropriate, put forward any necessary proposals. It also provides that the Commission shall make an in-depth examination of the economic and social impact of the liberalisation of island cabotage and submit a report to the Council by 1 January 1997, on the basis of which the Commission is to submit a proposal to the Council which may include adjustments to the manning nationality provisions of the regulation so that the definitive system be approved by the Council before 1 January 1999.

The **first report** covering the period 1993-1994 was submitted to the Council on 7 September 1995.

The **second report** covering the period 1995-1996 was presented on 18 June 1997 and, as provided for in the Regulation, included an examination of the possible economic and social impact of liberalisation of island cabotage. On the basis of this report, the Commission adopted on 29 April 1998 and submitted to the Council a package² consisting of:

- a Communication on a common policy on manning of regular passenger and ferry services operating in and between Member States, and
- a proposal for a Council regulation amending Council Regulation 3577/92 and
- a proposal for a Council directive on manning conditions for regular passenger and ferry services operating between Member States.

It is not proposed to discuss this communication or these proposals, which are presently before Council, in the present report.

2. This **third report** covers the period 1997-1998 during which two more cabotage trades in mainland cabotage were liberalised in the five Southern Member States: the transport of strategic goods as from 1.1.1997 and services by ships smaller than 650 gt as from 1.1.1998 and deals with the same basic areas as the two previous reports:

- Chapter 2: a report on legal developments introduced by the Member States in implementation of the Regulation.
- Chapter 3: market developments in EU cabotage
- Chapter 4: the extension of Regulation 3577/92 to the EEA by Decision 70/97 of EEA Joint Committee and the market developments in the EFTA States' cabotage sectors.

¹ Council Regulation No 3577 of 7 December 1992 applying the principle of freedom to provide services to maritime transport within Member States (maritime cabotage). O.J. L 364 of 12.12.92, p. 7.

² COM(1998) 251 final of 29.4.1998.

- Chapter 5: comparative manning costs for cargo vessels.
3. This report is presented for information to the European Parliament, the Economic and Social Committee and the Committee of the Regions.

2. LEGAL DEVELOPMENTS IN THE EU.

2.1. Legislation on access to the provision of maritime cabotage services

Those Member States which have specific cabotage legislation have adapted their national provisions traditionally restricted to national carriers in order to comply with the regulation (Spain by Law 27/92, Portugal by Decree Law 368/93, Germany by Law of 15 July 1994). A Commission infringement procedure is still pending against France for maintaining national legislation which is not in conformity with the regulation. Austria and Luxembourg have no cabotage legislation. Neither do Belgium, Denmark, Ireland, the U.K. or the Netherlands because they have an open coast policy. Following accession on 1 January 1995, Finland adapted its legislation to the regulation by Act 1362/94 of 22 December 1994 and Sweden by Decree 1995:961 of 1 June 1995. Annex I contains an overview of the main legal and fiscal provisions in the EU and EFTA countries concerning access to cabotage, crew nationality requirements for first and second registers, vessels ownership requirements and fiscal regime.

During the period 1997-1998, the following legal developments took place in Member States:

Greece adapted its legislation to the regulation by Presidential Decree 117/97 and Presidential Decree 84/98, following an infringement procedure.

Italy adapted its legislation ('Codice della Navigazione') by Law 30/98 of 27 February 1998 following an infringement procedure.

Spain adopted Royal Decree 1466/1997 of 19 September 1997 determining the legal framework of regular maritime cabotage lines and maritime services of public interest.

Portugal adopted Decree Law 194/98 of 10 July 1998. This text was partially amended by Decree-law of 20 August 1999.

Compatibility of the texts of **Spain** and **Portugal** with the regulation is being examined by the Commission in the context of the relevant infringement procedures.

2.2. The situation concerning the right of access of EU first and second registers to cabotage.

Under the Member States' national laws, there are no restrictions concerning access of first registers to their own cabotage markets. The situation concerning access of second-register vessels to domestic cabotage is the following:

Germany: Vessels used in international traffic for the greater part of a financial year must be registered in the international register (ISR) and benefit from certain fiscal advantages ('Flag protection law' and 'Income tax law' as amended by the Law amending the technical and fiscal conditions in maritime transport to meet international standards' of 18 September 1998).

Finland: Only cargo or mainly cargo vessels registered in the first Finnish register which are less than 20 years old and predominantly used in international traffic may be registered in the 'List of merchant vessels in international trade' (Law 1707/1991 as amended by Law 1611/1992). Passenger vessels fulfilling the above requirements and not operating regularly between Nordic ports may also be entered in that list. Vessels employed solely in national cabotage may not.

Denmark adopted Law 464 of 12 June 1996 amending the law on the Danish International Ship Register (DIS) in order to allow DIS cargo vessels access to Danish cabotage trades. DIS passenger vessels are not allowed access to Danish cabotage.

During the period 1997-98, the following legal developments took place:

Portugal adopted Decree Law 31/97 of 28 January 1997 which allowed Madeira (MAR) registered vessels access to maritime transport between mainland ports. By Decree Law 331/99 of 20 August 1999, MAR vessels have been granted access to island cabotage trades as well.

Spain adopted Royal Decree 2221/1998 of 16 October 1998 which authorises vessels and companies devoted to cabotage trade to be registered in the special register of ships and shipping companies of the Canary Islands (REC). This text completes the staged access of REC vessels to domestic trades.

Italy adopted Law 30/98 of 27 February 1998 creating the Italian international register for vessels carrying out international trades.

Under the regulation, in order to be admitted to other Member States' cabotage markets, Community shipowners must operate vessels registered in and flying the flag of a Member State and these ships comply with all the conditions for carrying out cabotage in that Member State. In other words, they must be admissible to their domestic cabotage.

All of the EU Member States' first register vessels fulfil the requirements under the regulation to be admitted to other Member States' cabotage. Of the vessels registered in the EU Member States' second registers, the following fulfil the requirements to carry out cabotage in other EU Member States:

- vessels registered in the Spanish REC register
- vessels registered in the Portuguese MAR register
- DIS cargo vessels but not passenger vessels
- German ISR vessels on a case by case basis and not in regular/year round cabotage, and
- Finnish vessels entered on the 'List of merchant vessels in international trade' on a case by case basis and not in regular/year round cabotage .

The following vessels registered in the EU Member States' second registers do not have access to other EU Member States' cabotage:

- vessels registered in the Italian second register

2.3. The adoption of provisions concerning the imposition of host state rules on manning for certain cabotage trades

With a view to liberalisation of island cabotage on 1 January 1999 and in implementation of Article 3 of the regulation, **Italy, Spain, Greece, France and Portugal** have adopted legislation or administrative provisions imposing their host state rules on manning for island cabotage (except where the voyage concerned follows or precedes a voyage to or from another state) and for services with vessels smaller than 650 gt. **France** adopted 'Decree 99/195 of 16 March 1999 concerning the application of host state conditions in conformity with Regulation 3577/92 of 7 December 1992 applying the principle of freedom to provide services to maritime transport within Member States (maritime cabotage)'. **Spain** adopted the 'Order of 22 July 1999 establishing the manning conditions for vessels carrying out island cabotage'. These texts have been cleared as compatible with the regulation. Other national texts are currently being examined by the Commission.

3. MARKET DEVELOPMENTS IN THE 15 EU MEMBER STATES.

3.1. Cabotage trade

The Northern Member States (**Belgium, Denmark, Finland, Germany, Ireland, the Netherlands, Sweden, and UK**) have fully liberalised trades. During the reference period of this third report, two more cabotage sectors were liberalised under the terms of the regulation in the southern Member States (**France, Greece, Italy, Portugal, Spain**): the transport of strategic goods (oil, oil products and drinking water) on 1 January 1997 and services by vessels smaller than 650 gt on 1 January 1998. The following services remained non-liberalised in the southern Member States in the reference period:

In mainland trades:

- regular passenger and ferry services, protected until 1 January 1999.

In island trades:

- island cabotage (including Ceuta and Melilla and the French overseas departments), protected until 1 January 1999.

- regular passenger and ferry services and services provided by vessels less than 650 gt in Greece which will be liberalised at 1 January 2004.

Although it has become increasingly difficult to obtain reliable data on this subject due to the fact that certain Member States do not record data on cabotage movements any more, it has been estimated that the total volume of cabotage trades in the EU Member States developed from 239 mln tonnes in 1993 (EU 12: 221 mln tons plus 18 mln tons: FIN and SWE), through 262 mln tonnes (EU 15) during 1995, to 265.3 mln tonnes in 1997 (EU 15)³.

Of this last volume island trades account for 139.7 mln tons (52,7%) and mainland trades for 125.6 mln tonnes. In 1993 the island trades (EU 12) accounted for 51% of the total volume and in 1995 they accounted for the same percentage (EU 15).

³ In the previous report the figures given for 1993 and for 1995 were slightly different due to a double count error for one Member State (D) and to the fact that provisional data has now been confirmed.

Out of the total 265.3 mln tons of cabotage trades in 1997, 125.85 mln tons corresponded to North European cabotage and 139.45 mln tons to South European cabotage.

Table 1 Summary of cabotage cargo trade volumes in EU countries 1993 – 1997 (mln tonnes)

Area	1993	1995	1997
North (Belgium, Denmark Finland, Germany, Ireland, Luxembourg, Netherlands, Sweden, United Kingdom)	95.4	127.75	125.85
South (France, Greece, Italy, Portugal, Spain)	125.6	134.3	139.45
Total EU 12	221	n.a.	n.a.
Total EU 15	(239)	262.05	265.3

Annex II presents a detailed overview of cargo cabotage developments since 1992. In most of the Member States trade volumes did not alter significantly.

In the period of reference the passenger trades in the Northern Member States were liberalised and the ones in South Europe were still protected, except for mainland cruise services which were liberalised by 1.1.1995. There is no domestic passenger traffic taking place in the Netherlands, Belgium or in Ireland. The United Kingdom (estimated at 40 mln passengers) and Germany (estimated at 5 mln passengers) are important, but no longer record this data. The decrease in Denmark was the result of the opening of the fixed link between the islands of Fyn and Sjaeland in 1997. The fluctuations in Italy and Spain are attributed to “the economic climate”.

The passenger figures entered in Table 2 concern predominantly ferry passengers, crossing between two ports. Included in these figures are approximately 500.000 domestic (touristic) cruise passengers, which were carried in Greek waters during 1997.

Table 2 Passenger trades in EU – 1997 (mln passengers)

North Europe (liberalised)			South Europe (protected)		
Country	1995	1997	Country	1995	1997
Denmark	21.5	16.4	France - Corsica	1.3	1.28
Finland	4.0	3.4	Oth. Routes	1.95	2.0
Sweden	1.1	1.1	Greece	36.0	41.3 ⁶
U.K. ⁴	40.6	40.0	Italy	38.0	37.2
Germany ⁵	3.3	5.0	Portugal	0.4	0.35
			Spain	7.1	6.5
Total	70.5	65.9	Total	84.75	88.63

3.2. Southern Member States: cargo

In the period of reference the ongoing liberalisation affected only the Southern Member States. The strategic cargoes in mainland cabotage were added to the liberalised trade sector on 1.1.1997. At this date out of the total 139.45 mln tons of South European cabotage trades the liberalised cargoes amounted to 43.15 mln tonnes and the non-liberalised cargoes amounted to 96.3 mln tons .

Since only estimations are available for the mainland cargoes carried by vessels <650 gt which were liberalised on 1 January 1998, **it has only been possible to provide the exact figures for liberalised versus protected cargo volumes at 31.12.1997.**

3.2.1. Liberalised at 31.12.1997

The cabotage trades liberalised by 31.1.1997 involved all mainland cargoes carried by vessels exceeding 650 gt and amounted to 43.15 mln tonnes. The liberalisation of the ‘strategic’ cargo section, as from 1 January 1997, led to a substantial increase in the volume of liberalised cargoes which more than doubled from 1993 to 1997 (13% of the total South European trade volumes in 1993 to 31% during 1997).

⁴ Consultant’s estimate.

⁵ Consultant’s estimate.

⁶ Comprising: 13,8 mln long distance, 27 mln local crossings and 0.5 mln cruise passengers.

Table 3 Southern Member States liberalised cargo trades by market segments 1993, 1995 and 1997 (million tonnes).

Category	Dry bulk			Liquid bulk			General cargo			Total		
	1993	1995	1997	1993	1995	1997	1993	1995	1997	1993	1995	1997
France	1.1	1.1	1.7	0.5	0.5	4.6	-	-	-	1.6	1.6	6.3
Greece	1.9	2.8	2.8	-	0.5	5.9	0.2	0.1	0.1	2.1	3.4	8.8
Italy	5.1	4.9	6.1	0.6	0.6	4.2	2.1	3.6	4.6	7.8	9.1	14.9
Portugal	0.1	-	-	0.1	-	3.5	-	-	-	0.2	-	3.5
Spain	3.7	3.2	2.7	0.8	0.55	6.7	0.3	0.25	0.25	4.8	4.0	9.65
Totals	11.9	12.0	13.3	2.0	2.15	24.9	2.6	3.95	4.95	16.5	18.1	43.15

3.2.2. Non-liberalised at 31.12.1997

The non-liberalised cargo volumes in Southern Europe for 1997 included mainland services by vessels <650 gt (liberalised on 1 January 1998), regular mainland passenger and ferry services (liberalised on 1 January 1999) and island cabotage (liberalised on 1 January 1999 except for regular passenger and ferry services and services provided by vessels of less than 650 gt in Greek island cabotage). Out of the total of 96.3 million tonnes of protected cabotage cargoes in 1997, 92.9 million tonnes corresponded to island cabotage and 3.4 million tonnes to mainland cabotage .

Table 4 Southern Member States non-liberalised cargo trades by market segment 1993, 1995 and 1997 (million tonnes)

Category	Dry bulk			Liquid bulk			General cargo			Total		
	1993	1995	1997	1993	1995	1997	1993	1995	1997	1993	1995	1997
France	0.5	0.7	0.2	6.3	4.8	0.5	1.1	0.8	0.8	7.9	6.3	1.5
Greece	6.8	7.3	6.9	7.5	8.5	2.75	2.9	2.7	2.6	17.2	18.5	12.25
Italy	13.5	13.8	13.1	27.1	26.9	27.2	10.4	10.5	12.8	51.0	51.2	53.1
Portugal	0.5	0.3	0.3	4.5	4.7	0.5	0.9	1.0	1.2	5.9	6.0	2.0
Spain	1.2	1.7	2.0	15.6	21.35	13.2	10.3	11.15	12.25	27.1	34.2	27.45
Totals	22.5	23.8	22.5	61.0	66.25	44.15	25.6	26.15	29.65	109.1	116.2	96.3

The total protected transport volumes by vessels <650 gt amounted to 5.3 mln tonnes 1997. The mainland part of these transport volumes was liberalised on January 1st 1998. It is estimated that this concerned around 2.15 mln tonnes of cargo transport.

3.3. Foreign flag share of cabotage in EU Member States

In 1995 the non-national transport share in the total South European cargo volumes was 8.35 mln tonnes or 6%. Due to the liberalisation of the strategic cargoes the non-national transport share increased in 1997 to 9.05 mln tonnes (6.5% of total South European cargo volumes). Table 5 provides the flag involvement in the South European trades by flag category and identifies also the volumes which are still protected.

Table 5 Flag shares in the total cabotage trades of the Southern Member States (mln tonnes)

Country/flag	1995				1997			
	Mainland.		Island	Total	Mainland		Island	Total
	Total	Protected ⁷			Total	Protected ⁸		
France – Total	6.6	5.0	1.3	7.9	6.5	0.2	1.3	7.8
National	5.5		1.25	6.75	4.6		1.1	5.7
Other EU	0.5		0,05	0.55	1.4		0,2	1.6
Non-EU	0.6		-	0.6	0,5		-	0.5
Greece – Total	12.1	8.7	9.8	21.9	10.7	1.9	10.35	21.05
National	12.0		9.8	21.8	10.5		10.35	20.85
Other EU	0.05		-	0.05	0.1		-	0.1
Non-EU	0.05		-	0.05	0.1		-	0.1
Italy – Total	14	4.9	46.3	60.3	15.9	1.0	52.1	68.0
National	13.7		46.3	60.0	14.95		52.05	67.0
Other EU	0.1		-	0.1	0.8		-	0.8
Non-EU	0.2		-	0.2	0.15		0.05	0.2
Portugal – Total	4.3	4.3	1.7	6.0	3.6	0.1	1.9	5.5
National ⁹	-		1.7	1.7	3.55		1.9	5.45
Other EU ¹⁰	4.25		-	4.25	-		-	-
Non-EU	0.05		-	0.05	0.05		-	0.05
Spain – Total	13.9	9.9	24.3	38.2	9.85	0.2	27.25	37.1
National ¹¹	11.8		23.9	35.7	7.0		24.4	31.4
Other EU	1.4		0.2	1.6	1.4		0.9	2.3
Non-EU	0.7		0.2	0.9	1.45		1.95	3.4
Total S. Europe	50.9	32.8	83.4	134.3	46.55	3.4	92.9	139.45
National	43.0		82.95	125.95	40.6		89.8	130.4
Other EU	6.3		0.25	6.55	3.7		1.1	4.8
Non EU	1.6		0.2	1.8	2.25		2.0	4.25

Table 5 identifies the changes which occurred between 1995 and 1997 in the national shares by Member State. From this table it is clear that national flag shares only decreased in a significant way for France and Spain. In France the share of national flag decreased by 12% (1 mln tonnes) in favour of other EU flags whose share increased from 4.5% in 1995 to over

⁷ Non liberalised trades: strategic cargoes, transport with vessels < 650 gt and mainland ferry services.

⁸ Liberalised, except for transport with vessels < 650 GT and mainland ferry services.

⁹ 1995: excluding MAR which at the time operated in national cabotage through waivers. 1997: including MAR.

¹⁰ For 1995 including MAR.

¹¹ Including REC.

20% in 1997. This concerned mainly the transport of strategic cargoes which after the liberalisation changed from French to other EU flags.

The foreign flag share (including non-national EU carriers and third country carriers) in the total cabotage trades of the South European Member States developed from 8.35 mln tonnes in 1995 to 9.05 mln tonnes in 1997. In Spain the share of the national flag (including the REC register) decreased by 4.3 mln tonnes in favour of other EU vessels (mainly MAR) and specially of non-EU vessels. The REC register carries the bulk of the cabotage volumes. In 1995 REC vessels carried 3 mln tonnes of nearly all mainland cargoes. During 1997 their total involvement had increased to 16.8 mln tonnes of which over 10 mln tonnes of island cargoes. The MAR vessels operating in Spain are Spanish owned and were responsible in 1997 for 1.1 mln tonnes (3%) of the total cabotage transport volume in Spain. The non-EU tonnage, however, carried 9% of the same volume (primarily Malta, Cyprus and Antigua & Barbuda) both in the liberalised and the non-liberalised sectors.

In Italy although the share of the national flag decreased only slightly, there was a significant increase in the share of other EU vessels (from 0.1 to 0.8 mln tonnes) in the liberalised specialised (e.g. heavy loads) Italian cargo sectors. Since there are no specialised vessels in the Italian fleet, the Italian shipping industry has not been affected by this increase.

In the case of Portugal the volumes carried by the MAR fleet in 1995 were included in the previous report under the volumes carried by non-national EU vessels because they operated in Portuguese cabotage through waivers. As from 1997, MAR vessels were admitted to Portuguese mainland cabotage and the volumes carried by these vessels are therefore included in the national share for 1997.

Participation of Swedish and Finnish vessels in South European markets is incidental.

Table 6 Development of the transport share of national flags by Southern Member State (%) 1995-1997

Country	1995	1997
France	85.4	73.1
Greece	99.5	99.0
Italy	99.5	98.5
Portugal	28.3	34.2
MAR	70.0	64.0
Spain (incl. REC)	93.5	84.5

3.3.1. Foreign flag share in the liberalised segments of the Southern Member States' cargo trades

In 1997, out of the 43.15 mln tonnes liberalised trade, 5.75 mln tonnes or 13% of the liberalised cargoes were carried by non-national vessels from other EU or non-EU country registers. Compared to the corresponding figure for 1995 (3 mln tonnes in 1995 or 16.6% of the liberalised cargoes), there was a decrease in the participation of non-national vessels in relative terms but there was an increase in terms of volumes transported.

The participation of non-national EU carriers in the liberalised sector of the Southern cabotage market on the basis of the Regulation decreased in relative terms from 9.4% of the liberalised cargoes during 1995 to 8.1% in 1997 but increased in terms of volume carried from 3 mln tonnes to 5.75 mln tonnes. There was an increased participation of other EU vessels in the French cabotage in liquid products, of Spanish owned MAR vessels in Spanish cabotage and of other EU vessels in the Italian specialised cargo cabotage sector. These developments did not substantially affect the national markets since the same vessels operated before in French and Spanish cabotage under waivers and the Italian fleet has never had specialised vessels in its own fleet. The participation of non-EU carriers through waivers in the liberalised sector decreased as well in relative terms from 7% in 1995 to 5.2% in 1997 of the total liberalised cargoes but increased in terms of volumes carried from 1.3 to 2.25 mln tonnes, particularly in Spain.

Table 7 identifies the flag involvement in the liberalised sections of the South European Member States.

Table 7 Flag shares in liberalised Southern Member States' cargo volumes (1995 – 1997) mln tonnes

Country	Total cabotage trade		Of which liberalised		EU flag involvement		Non-EU flag involvement		Total foreign flag involvement	
	1995	1997	1995	1997	1995	1997	1995	1997	1995	1997
France	7.9	7.8	1.6	6.3	0.25	1.2	0.3	0.5	0.55	1.7
Greece	21.9	21.05	3.4	8.8	0.05	0.1	0.05	0.1	0.1	0.2
Italy	60.3	68.0	9.1	14.9	0.1	0.8	0.2	0.15	0.3	0.95
Portugal	6.0	5.5	-	3.5	-	-	0.05	0.05	0.05	0.05
Spain	38.2	37.1	4.0	9.65	1.3	1.4	0.7	1.45	2.0	2.85
Total	134.3	139.45	18.1	43.15	1.7	3.5	1.3	2.25	3.0	5.75

3.3.2. Foreign flag share in the non-liberalised segments of Southern Member States' cargo trades

The non-liberalised cargoes totalling 96.3 mln tons in 1997 (116.2 in 1995) were in principle exclusively reserved to the national flags. However, in 1997 an estimated 3.3 mln tonnes (3.4%) were carried by non-national vessels through waivers where national flag vessels were not available as compared to the 5.35 mln tonnes (4.6%) carried through waivers in 1995. In 1997, out of the 3.3 mln tonnes carried through waivers, 1.3 mln tonnes (1.3%) were carried by non-national EU vessels and 2.0 mln tonnes (2%) by non- EU vessels. This compares with the 1995 figures where, out of the 5.35 mln tonnes carried through waivers, 4.85 mln tonnes (4.1%) were carried by non-national EU vessels (including MAR) and 0.5 mln tonnes (0.4%) by non-EU vessels.

Compared with the previous report the number of waivers granted in the non-liberalised trades decreased noticeably in all Southern Member States with the exception of Spain and, to a lesser extent, Italy. This was entirely due to the liberalisation of the strategic cargo sectors. However, the participation of non-EU flags in non-liberalised trades through waivers increased, in total, nearly fourfold during this period.

Two developments are of importance here: the MAR fleet, which played an important role in 1995 in the non liberalised sector through waivers, was active in the reference period in the liberalised sector. However, non-EU flags increased their transport share significantly in the protected Spanish trades and were responsible for nearly 2 mln tonnes of transport in this sector. At the same time, EU flags trebled their share in these Spanish trades.

Table 8 Flag shares in non-liberalised Southern Member States' cargo volumes (1995 – 1997) mln tonnes

Country	Total cabotage trade		Of which non Liberalised		EU flag Involvement		Non-EU flag Involvement		Total foreign flag involvement	
	1995	1997	1995	1997	1995	1997	1995	1997	1995	1997
France	7.9	7.8	6.3	1.5	0.3	0.4	0.3	-	0.6	0.4
Greece	21.9	21.05	18.5	12.25	-	-	-	-	-	-
Italy	60.3	68.0	51.2	53.1	-	-	-	0.05	-	0.05
Portugal	6.0	5.5	6.0	2.0	4.25	-	-	-	4.25	-
Spain	38.2	37.1	34.2	27.45	0.3	0.9	0.2	1.95	0.5	2.85
Total	134.3	139.45	116.2	96.3	4.85	1.3	0.5	2.0	5.35	3.3

3.3.3. The waiver system

Despite liberalisation, in 1997 a total 4.25 mln tonnes (2.25 mln tonnes in the liberalised sector and 2.0 mln tonnes in the non-liberalised sector) as compared to 1.8 mln tonnes (1.3 mln tonnes in the liberalised and 0.5 mln tonnes in the non-liberalised sector) in 1995, were carried by waivers by non-EU carriers in the Southern Member States' cabotage trades. This constitutes a 136% increase in the volume carried by non-EU vessels.

3.3.4. Foreign flag share in the Northern Member States: cargo

The Northern Member State trades are fully liberalised and open to other EU flags. In some of these Member States non-EU vessels require waivers (Germany, Finland, Sweden) unless they have been granted access on the basis of bilateral agreements. In the other Northern Member States third country vessels can participate on the same basis as EU vessels. The degree of foreign participation varies considerably from one Member State to the other. In Denmark, such data are not collected and only estimates for national flag shares are provided. Austria and Luxembourg have no cabotage trade. The limited volumes in Belgium and the Netherlands are fully transported by national flag vessels. Table 9 provides an overview of the development of foreign flag participation in the Northern European Member States' cabotage trades.

Table 9 Flag shares in total cabotage trades of Northern Member States - 1995 / 1997 (mln tonnes)

Country/flag	1995	1997	Country/flag	1995	1997
Finland – Total	5.9	7.15	Germany – Total	3.9	4.0
National	5.1	6.3	National	3.25	2.75
Other EU	0.75	0.85	Other EU	0.6	0.3
Non EU	0.05	-	Non-EU	0.05	0.95
Ireland – Total	0.7	0.75	Sweden – total	13.6	12.95
National	0.03	0.03	National	11.5	10.25
Other EU	0.5	0.55	Other EU	NA	0.9
Non-EU	0.17	0.17	Non-EU	NA	1.8
U.K.–Total ¹²	62.3	63.2	Denmark –Total	19.2	19.35
National ¹³	15,8	8.8	National	10.0	10.0
Other EU	18.0	15.9	Other EU	NA	NA
Non-EU	28.5	38.5	Non-EU	NA	NA

3.3.5. Share of DIS and MAR registered vessels

7 MAR vessels (out of 25 Portuguese owned units) now dominate the Portuguese oil trades. The other Portuguese owned MAR vessels operate worldwide. MAR registered vessels are also much present in Spain. The number of Spanish owned MAR vessels increased from 34 in 1996 to 45 in 1998. At least half operate in the Spanish domestic trades. The remaining Spanish owned MAR vessels operate worldwide.

DIS cabotage relevance is still mainly limited to container feeder activities: 25 of these vessels operate in cabotage trades, half of which in Southern Member States. Additionally some 50 non-container vessels are active in cabotage trades, but only 10-15 in South Europe (chemical and gas tankers and other specialised vessels). Since the last report there has been no increase recorded in their market participation in cabotage trades.

3.3.6. Foreign flag share in the 15 EU Member States: passengers

As for the period covered by the previous report, in 1997-1998 there was no non-national flag involvement in domestic passenger trades of EU Member States.

¹² Excludes 1-port offshore traffic (15 mln tonnes in 1995/18 mln tonnes in 1997) for which flag data is no longer published.

¹³ Incl. Gibraltar, Channel Islands, Isle of Man.

3.4. The cabotage fleets of the EU Member States.

In many cases it is hardly possible to identify the cabotage fleets in northern Member States, with the consequence that the fleets which are listed hereunder comprise all tonnage which potentially could have participated in cabotage activities (short-sea fleets <10,000 DWT) with the exception of the Danish and Finnish first register fleets and the Swedish fleet which only include vessels operating in cabotage. A number of fleets have no, or hardly any, cabotage relevance: Austria, Belgium, DIS and Ireland. The fleets of Germany, Netherlands and the UK participate occasionally in northern cabotage trades.

During the period of reference the German and Dutch fleets increased significantly. In Belgium, Ireland and the U.K. the fleets decreased. The DIS fleet did not vary significantly in terms of tonnage. Overall the number of vessels in the total North European Member States' fleets increased by only 73 vessels, while the deadweight tonnage increased by nearly 4%.

Table 10 Cabotage fleets of Northern Member States (GT and DWT x 1000)

Country	1996			1998		
	Number	GT – tonnage – DW		Number	GT – tonnage – DW	
Austria	29	60	100	22	68	94
Belgium	17	66	36	7	6	10
Denm. – convent.	127	213	88	114	384	105
Denmark – DIS	448	5,318	7,584	479	5,318	7,398
Finland	105	356	338	125	358	385
Germany ¹⁴	373	550	866	431	615	1,113
Ireland	49	98	134	35	88	120
Netherlands	248	480	680	299	615	870
Sweden	152	103	150	144	104	155
United Kingdom	470	1,365	956	435	964	1,099
Total North Europe	2,018	8,609	10,932	2,091	8,520	11,349

For southern Member States, the various fleets also contain vessels which operate both nationally as well as in international trades.

The South European Member States' fleets increased significantly: 14% in numbers of vessels, 23% in terms of gt tonnage and 32% in deadweight. The French fleet virtually doubled. Due to the replacement of smaller by larger vessels, the Greek fleet increased significantly in tonnage although the number of vessels increased only by ten units. The Spanish first register fleet decreased but the REC fleet increased in parallel. The MAR fleet increased drastically in terms of numbers of vessels (from 59 in 1996 to 105 in 1998). The tonnages, however, remained the same, which points to a considerable decrease in the average ship size over the reference period (from 18,000 deadweight to 10,500 deadweight).

¹⁴ Including ISR.

Table 11 Cabotage fleets of South European Member States (GT and DWT x 1000)

Country	1996			1998		
	Number	GT – tonnage – DW		Number	GT – tonnage – DW	
France ¹⁵	27	196	310	43	500	619
Greece	515	1,900	563	525	2,000	800
Italy ¹⁶	362	1,036	1,480	476	1,668	2,280
Portugal – conventional	15	120	75	15	120	76
Portugal – MAR register	59	650	1,074	105	659	1,106
Spain	209	900	868	193	830	781
Spain – REC register	65	541	750	71	793	1,110
Total South Europe	1,252	5,343	5,120	1,428	6,570	6,772

3.5. Impact of the liberalisation of cabotage during the reference period on employment

In 1997 the total cabotage related employment in the Northern EU Member States stood at 17,460 jobs. 60% of personnel on board cargo vessels and 97% of personnel on board ferry services consisted of EU nationals. 2,100 non-EU seafarers were employed in the cargo sector and 229 non-EU seafarers in the RoRo/ferry sector.

The total number of persons employed in the South European Member States' cabotage amounted to nearly 50,000 persons in 1997 (all EU nationals). This represents a decline of 1,000 jobs since 1995. This was partly due to rationalisation in Italy and to the decrease in the fleet size of the conventional register in Spain which has not been fully compensated by an increase in employment in the Spanish REC register.

The liberalisation of the strategic products and of services by vessels less than 650 gt had no noticeable impact on cabotage related employment in the South European Member States since it had no effect on the number of vessels on these trades nor on the numbers of EU seafarers employed.

4. THE EXTENSION OF COUNCIL REGULATION 3577/92 TO THE EEA AND MARKET DEVELOPMENTS IN THE EFTA STATES.

By decision 70/97 of 4 October 1997 of the EEA Joint Committee, Council Regulation 3577/92 was incorporated in the EEA Agreement and extended to the EFTA countries. In order to take into account Member States' concerns with respect to the extension, the following statement by the government of Norway was entered into the minutes of the above

¹⁵ The French 'TAAF register' (29 vessels with 150,000 GT/206,000 DWT in 1998) has no access to cabotage trades and is excluded.

¹⁶ Italy's second register has no access to cabotage trades and is not included in the figures.

mentioned EEA Joint Committee decision: “Norway does not have the intention of amending its law concerning the Norwegian International Ship (NIS) Register in respect of access of NIS registered ships to the Norwegian cabotage”. Furthermore, in the Transport Council of 11 December 1997 the above mentioned decision was discussed and the following statement was entered into the minutes of the Council: “The Council and the Commission state that Norway’s Declaration concerning Decision 70/97 of the EEA Joint Committee constitutes an extremely important element for the Community as regards its position on the extension of Regulation (EEC) N° 3577/92 to the EEA. They reserve the right to re-examine this position and to invoke the appropriate procedures laid down in the EEA Agreement if the Norwegian position, as expressed in the declaration, were to change in respect of access of vessels registered in the Norwegian International Ship Register to cabotage”.

Decision 70/97 entered into force on 1 August 1998 following the completion of Norway’s national procedures and became applicable in Norway and Iceland. It grants full access to EU cabotage trades for Norwegian and Icelandic flag vessels and full access to Norwegian and Icelandic cabotage trades for EU vessels, in accordance with Regulation 3577/92.

The legislation on the NIS does not allow NIS vessels into Norwegian cabotage. As a consequence, these vessels are not able to carry out cabotage in the EU Member States on the basis of Regulation 3577/92.

4.1. Cargo trades in the EFTA States

The cargo cabotage trades in the EFTA countries – Iceland and Norway - developed from 36 mln tonnes during 1993 to 40 mln tonnes in 1995 and to 48 mln tonnes in 1997. Over 28 mln tonnes of the latter volume concerned crude oil arriving in Norway from the continental shelf.

4.2. Passenger trades in the EFTA States

In Iceland the total number of passengers transported by domestic ferry services amounted to 381,309 in 1997. This compares with 356,280 for 1995. In Norway 44,6 million passengers were transported in regular ferry services in 1997. This figure compares with 46,5 million in 1994 and 43,214 millions in 1995.

4.3. Foreign flag penetration in EFTA.

Foreign flag share remained unchanged since 1995 for Iceland as the national flag carried in 1997 100% of the passenger and cargo trades. In Norway, data for 1997 is only available for 14 major ports. The Norwegian flag carried over 77.2% of the mainland cargo trades to and from these ports (including NIS vessels with waivers) as compared to 76% in 1996. Other EU flags carried 12.2% of which the U.K. flag carried 6%, the Swedish flag 3.6% and other EU flags 2.6% (Denmark, Germany, Finland, Greece, Italy, the Netherlands). Non-EU flags carried the remaining 10%. All passenger transport in Norway is carried out by NOR-registered vessels.

4.4. EFTA flags penetration in the 15 EU Member States.

Apart from the NIS register, EFTA vessels have only a minor share in the cabotage trades of the EU Member States. NIS vessels are an exception: their tankers play an important role in the UK (and Norwegian) offshore oil trades.

Estimates based on 1995 data (more recent data for offshore trades is no longer published) show that the NIS participation in the UK offshore trades amounted in 1997 to approximately 15% (of around 16.5 mln tonnes). Apart from these volumes NIS vessels carried in 1997 10% of UK mainland trades (of 63 mln tonnes). This totalled in 1997 approximately 8.5 mln tonnes carried by NIS vessels divided into 2.5 mln tonnes offshore trade and 6 mln tonnes mainland cabotage. For both trades it concerned predominantly tankers.

Apart from these trades NIS vessels carried 9% of German cabotage (of 4 mln tonnes) and minor volumes of specialised cargo in France in 1997.

Icelandic vessels have no relevance in any of the other domestic seaborne trades.

4.5. The cabotage fleets of the EFTA States.

At 1 January 1998, the Icelandic merchant fleet comprised 15 vessels of 30,666 gt. Since 1995 the fleet declined by two units and 18,000 gt. At the same date, the fleet under the first Norwegian register (NOR) flag comprised 774 vessels of 2.45 million gt (3.21 million dwt). This compares with 772 vessels of 2.08 million gt at end-1995. Many of these vessels operate in the national cabotage trade. At the same date the NIS fleet comprised 683 vessels of 19.63 million gt (30.77 million dwt). This represents a net increase of 13 vessels and 4% in tonnage capacity since end-1995. This fleet has no domestic cabotage relevance.

4.6. Cabotage related employment in Norway and Iceland

In Iceland the number of direct and indirect jobs related with the cabotage sector were of 1,249 in 1993. More recent data is not available, but considering that the fleet and trade volumes have barely changed, no major changes are to be expected. In Norway, the number of Norwegian seafarers on Norwegian registered vessels for 1998 was 20,500. These vessels, which operate exclusively in domestic trades, are all manned by nationals.

5. COMPARATIVE MANNING COSTS FOR CARGO VESSELS

As for the two previous reports, a comparison of manning costs has been carried out for three ship types which are considered to be representative for cargo cabotage operations. The manning costs have been calculated taking into account the crew composition, the nationality requirements and the different salary levels for seafarers and the specific national rules regarding income tax and social contributions for seafarers. Annex III to the report contains three tables presenting the main cost results for the three types of cargo vessel (general cargo

vessel of 1,500 gt, dry cargo vessel of 3,300gt and products tanker of 9,000 gt). A comprehensive overview of the results is summarised in Table 12. The results take into account average crew number and nationality compositions as has been found to be typical for the fleets of the different countries. They represent the net manning costs to the shipowner, i.e. gross manning costs minus tax benefits or labour related State aids which applied in the various countries for 1998.

Table 12 Comparative net manning costs (average EU = 100): general cargo vessel 1,500 gt/dry cargo vessel 3,300 GT and products tanker 9,000 GT (1998)

Register	General cargo 1,500 GT	Dry cargo 3,300 GT	Products tanker 9,000 GT
France	204	200	173
Iceland	142	120	119
Sweden	133	117	111
NOR	128	125	161
Belgium	125	108	102
Kerguelen	113	109	89
Finland	112	123	107
Ireland	110	105	91
Germany	110	83	100
Italy	105	111	111
Denmark	101	137	129
UK	92	88	75
DIS (max)	91	124	116
Greece	81	83	86
ISR ¹	78	69	83
Portugal	69	61	70
Spain	69	101	106
NIS	57	47	71
Dutch	56	47	57
Canary	47	55	57
MAR	40	35	41
DIS (min)	37	51	44

Since the previous report there have been some amendments to state aid to shipowners which have been taken into account in the study of comparative manning costs. Whereas the availability of state aid has had a significant impact on owners' net costs in several Member States in the past (e.g. NL, FIN, S, NOR and second registers), the changes in fiscal benefits that have been reported over the reference period have only had a limited influence on the respective rankings, or relative positions, of the flags concerned vis à vis other EU/EEA flags. The affected flags include the **Portuguese, Swedish, Irish, Belgian** and the **Spanish REC**. The schemes introduced in **Germany and France** applied only to internationally operating vessels and the competitive positions of these flags are not affected. In the case of **Portugal** changes in state aid affected part of the costs of junior officers and have had a minimal impact on overall manning costs. The **Swedish Shipowners' Association** has advised that changes in the state aid regime have allowed additional overall savings in gross manning costs of around 1-2% over the 1996 position. Having taken this into account in the comparative analysis of EU manning costs, the relative competitiveness of the Swedish flag in relation to other EU registers remains unaffected in the case of the 1,500gt and 3,300 gt dry cargo vessels as compared with the 1996 position, while its position is slightly improved for the product tanker

where Sweden has moved from 5th most expensive flag in 1996 to 6th together with Italy in 1998.

In **Ireland**, despite the regime of refund of social charges paid by owners, the Irish manning costs have increased and its relative position compared with other EU flags has also increased slightly since 1996. The scheme introduced in **Belgium** as from 1 January 1997 may afford savings to shipowners of around 20% of owners' gross costs on the basis of 100% Belgian crew. However, these savings should be considered to be theoretical since, in practice, Belgian vessels are often crewed with non-Belgian seafarers and many are bareboated out to the Luxembourg register. Finally, the relative competitiveness of the **REC** register in relation to other EU flags has not been changed in that it remains in a similar ranked position in 1998 as compared with 1996.

Other differences in the ranking of the different registers with respect to the 1997 report are due to changes in the source of the data (**Iceland, Norway, Belgium**), to the movement of other flags in the ranking (**Kerguelen**), to changes in the rates paid (**France, Sweden, Italy**), to the devaluation of the currency against the dollar (**Greece, Spain**) or to changes in the crew composition used for the calculation (**Germany, REC**).

The outcome of the crew cost calculations show that the MAR flag is consistently one of the cheapest to operate under for each of the three representative vessels realising crew savings in the region of 60% when compared to the average for other EU/EEA flags. The Dutch register is the lowest cost option for national flags, but still the cost differential in favour of the MAR register ranges from 13 to 17% for the three vessel types.

Vessels registered under the DIS flag include a significant number of non-EU crew, which is beneficial for the cost advantage. This is referred to in the Tables as the DIS (minimum) case. The results of the analysis show that DIS (minimum) flagged vessels can undercut the EU average from 46 to 61%, depending on the vessel under consideration.

It is worth comparing the DIS (minimum) case with that of the Dutch flag. For the smallest of the three vessels under comparison the DIS flag was some 20% cheaper to man than the Dutch flag vessel. For the products tanker this differential falls to 14%; whilst for the 3,300 GT dry cargo vessel the Dutch flag undercut the DIS case by 4%.

The above results should be interpreted with great caution taking into account that crew costs under the different registers can be influenced by changes in the specific national fiscal arrangements. Furthermore, as set out in the previous report, crew costs are only a percentage of the total costs of a cargo vessel. Therefore the results presented in the Tables in Annex III should not be understood to be yardsticks for the overall competitive position of the different registers but merely a comparison of crew costs.

ANNEX I

Overview of cabotage related provisions in the EU and EFTA countries

Country	Basic Principle on Cabotage	Comment	Waiver system	Crew nationality requirements		Vessel ownership requirements		Fiscal regime
				1 st register	2 nd register	1 st register	2 nd register	
Austria	No maritime cabotage	-	Not applicable	None negotiated on ship by ship basis.	Not applicable	Vessel owned/ managed by EU citizen/company domiciled in Austria	Not applicable	None applicable for shipping.
Belgium	Not restricted	-	Not applicable	Captain should be Belgian citizen, waivers given in case of non-availability.	Not applicable	Vessel owned by Belgian /EU citizen or a non EU citizen domiciled in Belgium or by a company having its registered office in the EU The vessel must be managed from Belgium	Not Applicable	Social security exemptions (total exemption for employers' contribution and partial exemption for seafarers' contributions on board EU vessels).
Denmark	Not restricted except for DIS passenger vessels The reservation of trades with vessels of less than 500 grt to national carriers was repealed by decree 658/94. - Decree 658/94 allows all foreign vessels to participate.	By Law 464 of 12 June 1996 DIS cargo vessels were allowed to Danish cabotage as per 1 December 1996. Passenger vessels remain excluded from Danish cabotage	Not applicable	- Captain must be Danish. Third country nationals can be employed on Danish terms	DIS Register: - Captain must be Danish national. - Third country nationals can be employed on their national wage conditions.	Vessel owned by Danish or EU persons or companies managed from Denmark.	DIS Register: see 1st Register	Roll-over relief. Seafarers on board DIS vessels are tax exempted and paid net wages.

Country	Basic Principle on Cabotage	Comment	Waiver system	Crew nationality requirements		Vessel ownership requirements		Fiscal regime
				1 st register	2 nd register	1 st register	2 nd register	
Finland	<p>Restricted</p> <p>Cabotage governed by Section 4 of Restrictive Trades Practices Act.</p> <p>- Non EU vessels are generally prohibited from entering domestic coastal trades.</p> <p>Vessels in the List of Cargo vessels in International Trade have restricted access to cabotage.</p> <p>Island cabotage:</p> <p>- services operating within the Åland islands are restricted to vessels registered under the Ålands flag.</p>	<p>Amending Act (1362/94) of 22 December 1994 to the Restrictive Trades Practices Act abolished restrictions concerning cabotage on EU vessels as from 1.1.1995 (accession).</p> <p>- Bilateral agreement with Norway as of 1.1.97. applies to NIS</p>	<p>Mainland cabotage:</p> <p>- Special permits obtained from the MOTC for non-EU vessels in mainland cabotage where no suitable other vessel is available.</p> <p>- 4 permits awarded in 1997</p> <p>- Permits are granted for a maximum of one year to foreign vessels trading between Åland and the mainland.</p> <p>- No permits awarded in 1997.</p>	<p>Master must be Finnish national</p> <p>No other restrictions</p>	<p>- Master Finnish national.</p> <p>- at least half the crew must consist of EEA/EU citizens.</p> <p>- Recruitment of non-EEA crewmembers is permitted on certain conditions by way of derogation from the usual collective labour agreements.</p>	<p>- Registration governed by the Marine Registration Act (512/1993) and Finnish Maritime Code (674/1994)</p> <p>- >60 percent of the vessel must be owned by Finnish citizens or Finnish registered companies.</p> <p>- the MOTC permits foreign owned ships to be registered in the Finnish register provided that the operation of the vessel is undertaken by a Finnish national or company and that the person or company owning the vessel is has its domicile or residence in the EEA</p>	<p>- List of Cargo Vessels in International Trade (Act No 1707/1991)</p> <p>- Cargo or primarily cargo vessels may be entered if they are registered in the Finnish 1^o register. if they are primarily used for foreign traffic and if they are less than 20 years old.</p> <p>Registration not permitted for passenger/car ferries or vessels engaged only in cabotage.</p> <p>Only passenger vessels operating between third countries and not operating regularly between Nordic ports may be entered.</p>	<p>Special reductions of seafarers' income tax for vessels flying the Finnish flag (18% reduction of municipal tax and 30% of State tax). The State also participates in the pension payments to seafarers.</p> <p>A tax rebate of seafarers' income tax and partial refund of social security costs is paid to the employer. This is available for ships listed on the List of Cargo vessels in international Trade. .</p>

Country	Basic Principle on Cabotage	Comment	Waiver system	Crew nationality requirements		Vessel ownership requirements		Fiscal regime
				1 st register	2 nd register	1 st register	2 nd register	
France	<p>Restricted</p> <ul style="list-style-type: none"> - Art.257 of the 'Code Des Douanes' of 11/5/77: - Only French flag vessels can participate between metropolitan ports - Art.258 extends this reservation to voyages between ports in one DOM and between ports of Guadeloupe, Guyane and Martinique. <p>TAAF not allowed in cabotage.</p>	<p>A footnote to Art. 257 in the March 1994 edition of the 'Code des Douanes' refers to Regulation 3577/92.</p>	<p>Waivers can be granted for single or consecutive voyages to foreign vessels in case of identified demand.</p> <p>(Art.257 'Code des Douanes').</p>	<p>1st Register:</p> <ul style="list-style-type: none"> - Master and first mate French citizens. - Other crew citizens of the EU or EEA. 	<p>TAAF (Kerguelen) Register: 35% of the crew should be French nationals, incl. Captain and 1st engineer.</p>	<ul style="list-style-type: none"> - 50% of the vessel must be owned by a physical person national of EU/EEA or -100% of the vessel must be owned by a company having its registered office in EU/EEA and its operation carried out from a permanent establishment in France. 	<p>TAAF register similar as 1st register.</p>	<ul style="list-style-type: none"> - Partial refunding corporate tax paid to local authorities not for pure cabotage). -Partial refunding of social security costs in respect of international trade. (both proportional with international part of shipowners' turnover).

Country	Basic Principle on Cabotage	Comment	Waiver system	Crew nationality requirements		Vessel ownership requirements		Fiscal regime
				1 st register	2 nd register	1 st register	2 nd register	
Germany	Restricted Regulated in Art. 5: paragraph 2, 3 'Gesetz über die Küstenschiffahrt' (Law on coastal shipping). Vessels used in international trade for the greater part of the financial year, must be registered in the ISR register. (Flaggenrechtsgesetz).	Article 5 of the 'Gesetz über Änderung der Rechtsvorschriften auf dem Gebiet der Seeschiffahrt' (which came in effect on 23 July 1994) brought Art. 5 in line with Reg. 3577/92	Article 2.2 and 2.3 of the amended 'Law on Coastal Shipping' provides that waivers to non-EU vessels may be only granted if no EU vessels are available or if they are available at very unfavourable conditions. - Waivers can be granted also on the basis of reciprocity.	- Requirements for crewmembers are according to the 'Schiffsbesetzungsordnung' same for all German vessels: Master should be German national. 1 or 2 officers German or EU national. Other crew any nationality.	Same, but: - Vessels on ISR list, (operating >half year internationally) may employ all foreigners. - Vessels >half year in cabotage cannot enter ISR list and may only employ foreigners if nationals are not available.	>50% ownership/control by German or EU nationals with representatives domiciled in Germany or by German or EU companies having their registered office, central administration or principal place of business in the EU. (Art. 1 & 2 of: 'Flaggenrechtsgesetz').	ISR same as 1 st register.	- Ships operating <u>solely</u> in cabotage: no tax relief on income and no subsidies. - Ships operating internationally may opt between normal taxation and the tonnage tax. -They also benefit from 40% income tax reduction.
Greece	Restricted: - Regulated in Code of Public Maritime Law (CPML). Decree Law 187/73 Arts.165 and 166 reserves Greek passenger and cargo cabotage to Greek vessels. This legislation has been partly adapted to Reg. 3577/92.	Presidential Decree 215/94 partly harmonised Greek law in accordance with CR.3577/92. -Allows access of other EU vessels in non-strategic mainland trades with vessels>650 GT. Presidential Decrees 117/97 and 84/98 further partly adapted Greek legislation to Reg. 3577/92.	Waivers can be granted on condition of reciprocity: - Art.166 of CPML Over 1997/98 18 waivers were granted	Presidential Decree 12/92 requires: 100% of crew of EU nationals.	Not applicable	Article 5 of CPML: >50% of shares of the vessel must be owned by Greek nationals or by Greek legal entities more than half of whose capital is held by Greek nationals. Court of Justice of the European Communities condemned Greece for failure to fulfil its obligations on account of this legislation in its judgement of 27 November 1997 (Case C-62/96).	Not applicable	Officers pay 9% income tax. Other crewmembers pay 6% income tax. -Reduced rate of social security rate. -tonnage tax is imposed on Greek tonnage serving ports outside Greece.

Country	Basic Principle on Cabotage	Comment	Waiver system	Crew nationality requirements		Vessel ownership requirements		Fiscal regime
				1 st register	2 nd register	1 st register	2 nd register	
Ireland	Not restricted		Not applicable	- Officers to be Irish, UK, other EU or Commonwealth citizens. - Ratings: Irish, UK, or other EU citizens.	Not applicable	Following the judgement of the Court of Justice of the European Communities of 12 June 1997 in Case C-151/97, Ireland adopted the Merchant Shipping (Miscellaneous provisions) Act, 1998. Vessels must be owned by EU nationals or a body corporate established under and subject to the law of a Member State and having its principal place of business in a Member State.	Not applicable	- 10% Corporate profits tax, - 15% straight-line depreciation, for the first 6 years, 10% for the 7 th year. - Special reduction in seafarers' income tax for seafarers at sea for at least 169 days per year. - Reimbursement of social charges paid by employers in respect of seafarers on a MS registered vessel.
Italy	Restricted Regulated in Article 224 of the 'Codice della Navigazione' (Shipping Code) as amended by Law 30/98. Restricted to Community vessels.	- Revised art.224 allows other EU vessels to participate in Italian cabotage in accordance with Reg. 3577/92.	The Ministry of Transport/ Navigation may grant waivers on case by case basis through special authorisation.	- Master and chief officer to be Italian, - Other crewmembers Italian or EU citizens Article 318 'Codice della Navigazione'.	2 nd Register, instituted through law 30/98, second register vessels have no access to cabotage trades	Over 50% vessel shares must belong to Italian/ Community nationals or to Italian or EU companies. Art.143 CDN, as modified by law 30 of 27 February 1998.	Same as for first register plus bareboat chartered in vessels belonging to non-EU owners.	Tax-free reserves of profit from sale of ships can be spread over 5 years. Partial exemption of social security charges.
Luxembourg	No maritime cabotage	-	Not applicable	Independent register mainly used by Belgian owners. Captain EU citizen, licence recognised by Luxembourg. Crew according to STCW standards.	Not applicable	Owned >50% by nationals of EU or commercial companies with registered office in the EU, if significant part of management is handled from Luxembourg.	Not applicable	- reduced rate of seafarers' income tax.

Country	Basic Principle on Cabotage	Comment	Waiver system	Crew nationality requirements		Vessel ownership requirements		Fiscal regime
				1 st register	2 nd register	1 st register	2 nd register	
Netherlands	Not restricted		Not applicable	Captain Dutch national, other crew according to STCW standards certificates recognised by Dutch authorities.	Not applicable	2/3 vessel must belong to Dutch national or legal entities with EU/EEA nationality. Substantial part of operational management must be carried out from the Netherlands. Regulated in Dutch Commercial Code Art. 311.	Not applicable	- effective exemption of tax and social security charges normally payable by shipowner/ employer. - option to apply tonnage tax or corporate tax on business results.
Portugal	Restricted: Regulated in Decree Law 194/98: MAR vessels only had access to continental cabotage during the reference period. They have been recently granted access also to island cabotage trades. (Decree Law 331/99 of 20 August 1999).	Decree Law 194/98 replaced Decree Law 386/93 and updates situation to the liberalisation of island cabotage as from 1.1.1999.	Art.5 of same text allows – subject to authorisation of the General Directorate (DGPNTM) – the use of other vessels in case of non-availability of EU vessels.	100% Portuguese or EU nationals. Captain/chief officer Portuguese, unless authorisation obtained in special conditions	Madeira (MAR) register: 100% Portuguese or EU crew for access to cabotage trades.	Regulated by Decree Law 196/98, which establishes the regulatory and legal context of maritime transport activities: Shipowner with address or head office and main establishment in national territory and to be registered at DGPNTM.	Madeira register: - (branch) office or legal representation in Madeira island	- Income tax on 30% of shipowner's profit - No corporate tax in international waters (MAR). -Tax free reserves are allowed for reinvestment within 2 years (MAR). - total relief of social security charges and seafarers' income tax (MAR).

Country	Basic Principle on Cabotage	Comment	Waiver System	Crew Nationality Requirements		Vessel ownership requirements		Fiscal Regime
				1 st register	2 nd register	1 st register	2 nd register	
Spain	<p>Restricted – Regulated in Law 27/1992 on State Ports and Merchant Marine.</p> <p>REC vessels have unrestricted access to cabotage.</p>	RD 2221/98, of 16 October 1998, allowed REC ships to participate in all Spanish cabotage trades (including island cabotage).	- Art.81 of Law 27/1992 regulates the possibility for waivers exceptionally, in case of non-availability of Spanish (EU) ships.	<p>- Captain & 1st officer Spanish nationals,</p> <p>- Other crew EU nationals.</p>	<p>Canary Island Register (REC):</p> <p>- captain & 1st officer Spanish nationals,</p> <p>- Other crew minimum 50% EU nationals, possible waiver for additional non-EU crew if EU nationals not available.</p> <p>-Up to 1.1.99, if involved in non-liberalised trades all crew to be EU Nationals</p>	<p>Any Spanish or EU national or company with representative appointed in Spain.</p> <p>(Article 76 Law 27/92).</p>	<p>Any shipping company, established either in</p> <p>Spain, EU or in a third country may register a ship under the REC if vessel is managed from the Canaries or if it has a permanent establishment In the Canary Islands .</p>	<p>Law 19/1994, modified last in December 1996, allows fiscal allowances for REC registered vessels.</p> <p>-90% reduction in employer Social Security contribution,</p> <p>-90% reduction of Corporate Tax.</p> <p>-exemption of income tax with respect to 50% of seafarers' income.</p>
Sweden	<p>Restricted</p> <p>Decree of 1 June 1995 amended 235/75 granted access to EU vessels.</p>	<p>Trades have been liberalised for EU vessels in accordance with Regulation 3577/92 since 1.1.95 (accession).</p> <p>Bilateral agreement with Norway (1989) applies to NIS.</p>	<p>-Exemptions are granted by the Swedish Maritime Administration in cases where no suitable Swedish /EU vessel is available.</p> <p>Approximately 20 exemptions awarded each year.</p>	<p>- Captain must be Swedish (no exceptions). No other restrictions.</p> <p>- All crew retained on collective wage agreements regardless of nationality.</p>	Not applicable	<p>-Governed by Maritime Act (1994:1009).</p> <p>>50% to be owned by Swedish citizen/ corporations.</p> <p>- Government reserves the right to permit foreign vessels to fly the Swedish flag whose operation is under Swedish control and whose owner has permanent residence in Sweden.</p> <p>Vessels > 50% owned by EEA nationals or companies having registered office, central admin. or principal place of business in the EEA and whose operation is controlled from Sweden may be registered in the Swedish register.</p>	Not applicable	<p>- Tax-free reserves of 25% of company profit for up to 5 years.</p> <p>- Shipowners receive full rebate of tax paid on seafarers' income plus an additional relief of SEK 58,000 per full time employee for social cost contributions.</p> <p>- Special tax regime for seafarers abolished in 1998. Seafarers now pay full income tax on gross earnings.</p>

Country	Basic Principle on Cabotage	Comment	Waiver system	Crew nationality requirements		Vessel ownership requirements		Fiscal regime
				1 st register	2 nd register	1 st register	2 nd register	
United Kingdom	Not restricted		Not applicable	- For 'strategic' ship-types: master to be British, Commonwealth, EEA or NATO nationality. - Other ships no nationality requirements.	Not applicable	Vessel >50% owned by citizen or bodies incorporated in the EU or UK Dependent Territories	Not applicable	- Roll-over relief - exemptions for UK seafarers not resident in the UK for more than 183 days per year.

OTHER (EEA Countries)								
Iceland ¹	Not restricted: Open coastline.	- Practically unlimited scope for foreign merchant ships to trade between Icelandic ports. -As from 1.8.1998 CR 3577/92 applies (Joint Committee Decision No 70/97)	Not applicable	- Since EEA, all EEA citizens are eligible crew. - Under Act 26/1987 Employment Rights of Foreigners, all non-EEA crew members must obtain a work permit from the Ministry of Social Affairs for entering employment on board.	Not applicable	- Governed by Registration of ships Act 115/1985, previously limited registration to Icelandic nationals/ residents. - Amending Act 62/1992 gives right of registration to citizens/corporations of EEA countries.	Not applicable	- Seafarers obtain following tax privileges: - Income tax deduction ISK 685 (US 10.4) x 1.49 for each sea day. - Shipowners do not receive any rebates/refunds for social cost contributions.

¹ EEA Joint Committee decision No 70/97, of 4 October 1997 (OJ L30, 5.2.98) amended Annex XIII (Transport) to the EEA agreement, to extend Regulation 3577/92 to Iceland and Norway

Country	Basic Principle on Cabotage	Comment	Waiver system	Crew nationality requirements		Vessel ownership requirements		Fiscal regime
				1 st register	2 nd register	1 st register	2 nd register	
Norway ¹	<p>Not restricted:</p> <p>- Open coastline.</p> <p>- NIS vessels are in principle excluded, but permission is given for cargo vessels if certain requirements are fulfilled</p>	<p>Under the scope of the Public Transportation Act 1976, all operators deploying vessels on scheduled coastal passenger services are required to obtain a licence from the MOTC.</p> <p>As from 1.8.98 CR 3577/92 applies to all EEA members (Joint Committee Decision No 70/97).</p>	<p>- NIS vessels can enter some cabotage cargo trades. Such vessels are entered on a list of the Maritime Directorate</p> <p>The current list includes 16 mostly highly specialised gas – tankers.</p>	<p>- None, except master must be Norwegian. This requirement is in the process of being changed</p> <p>- All crew retained on collective wage agreements.</p>	<p>NIS register:</p> <p>- General requirement for Norwegian master. However exemptions for other nationalities are readily available.</p>	<p>- Norwegian Ordinary Register (NOR) governed by Maritime Transportation Act.</p> <p>- Open only to Norwegian citizens/residents or unlimited partnership where at least 60% of ownership is by Norwegian citizens or the owner is a limited company where at least 60% of the capital and operating powers are in Norwegian hands.</p>	<p>NIS register put into operation by the Norwegian International Ship Register Act of 12.6. 1987.</p> <p>- Ownership requirements as for NOR. If nationality conditions are not met, registration also open to limited company or partnership with head-office in Norway, or ship-owning partnership with Norway based managing owner, or owner with appointed representative authorised to accept writs on behalf of the owner.</p>	<p>- All crew members serving on NOR/NIS vessels are entitled to special tax deduction limited to 30% of their gross income, but not >Nkr 70,000 per year. Limited to seafarers working for a minimum sailing period.</p> <p>- Tax rebate system revised spring 1998. Provides refunds to shipowners of 12% tax paid on seafarers' gross wages. Rebates only available for crewmembers resident/ liable for taxation in Norway. Restricted to NOR vessels except where entire crew NIS vessels fulfil necessary residency/liability requirements</p> <p>- Tonnage tax system. Introduced in July '96</p>

Note: The following countries had bilateral and reciprocal cabotage agreements with EFTA and/or EU countries;

Finland has a bilateral agreement with Norway concluded per 1/1.1997, which grants access to NOR and NIS registered vessels.

Sweden has bilateral agreements with: with Norway, incl. NIS, Iceland, Belgium, Denmark (incl. DIS) Ireland, Netherlands, Portugal and the UK,

Norway has bilateral agreements with: Finland (1997), Germany (1997) Sweden, Iceland, Denmark, the UK and Portugal

¹ EEA Joint Committee decision No 70/97, of 4 October 1997 (OJ L30, 5.2.98) amended Annex XIII (Transport) to the EEA agreement, to extend Regulation 3577/92 to Iceland and Norway

ANNEX II

Overview of cabotage developments by EU Member State (mln tonnes)

EU Member State	Dry bulk		Liquid bulk		Gen. Cargo		Total		Total	
	Main Land	Islands	Main Land	Islands	Main Land	Islands	Main Land	Islands		
Belgium	1992	-	-	0.05	-	-	-	0.05	-	0.05
	1993	-	-	0.05	-	-	-	0.05	-	0.05
	1994	-	-	0.05	-	-	-	0.05	-	0.05
	1995	-	-	0.05	-	-	-	0.05	-	0.05
	1997	-	-	0.05	-	-	-	0.05	-	0.05
Denmark	1992 ^{b)}	5.25	2.05	0.55	2.65	-	8.2	5.8	12.9	18.7
	1993 ^{b)}	4.25	1.9	0.45	2.5	-	9.5	4.7	13.9	18.6
	1994 ^{b)}	4.2	1.85	0.5	2.75	-	9.5	4.7	14.1	18.8
	1995 ^{b)}	4.1	1.8	0.6	3.2	-	9.5	4.7	14.5	19.2
	1996 ^{b)}	4.0	1.75	0.6	3.3	-	9.7 ^{c)}	4.6	14.75	19.35
Finland	1992	0.6	0.55	4.1	0.05	-	0.1	4.7	0.7	5.4
	1993	0.55	0.45	4.1	0.05	-	0.1	4.65	0.6	5.25
	1994	0.7	0.45	4.75	0.05	-	0.1	5.45	0.6	6.05
	1995	0.8	0.5	4.45	0.05	-	0.1	5.25	0.65	5.9
	1997 ^{b)}	0.8	0.5	5.7	0.05	-	0.1	6.5	0.65	7.15
France ^{c)}	1992	1.6	0.3	6.8	0.3	-	0.9	8.4	1.5	9.9
	1993	1.6	0.2	6.5	0.3	-	0.9	8.1	1.4	9.5
	1994	2.0	0.2	5.7	0.45	-	0.85	7.7	1.5	9.2
	1995	1.6	0.2	5.0	0.3	-	0.8	6.6	1.3	7.9
	1996 ^{a)}	1.7	0.2	4.8	0.3	-	0.8	6.5	1.3	7.8
Germany	1992	0.7	-	3.7	0.05	-	0.25	4.4	0.3	4.7
	1993	0.5	-	3.1	0.05	-	0.25	3.6	0.3	3.9
	1994	0.45	-	2.8	0.05	-	0.2	3.25	0.25	3.5
	1995	0.8	-	2.8	0.05	-	0.25	3.6	0.3	3.9
	1997	1.25	-	2.4	0.05	-	0.3	3.65	0.35	4.0
Greece	1992	3.7	4.9	6.0	2.2	0.4	3.1	10.1	10.2	20.3
	1993	3.7	4.1	6.0	2.0	0.4	2.4	10.1	8.5	18.6
	1994	4.0	4.4	5.0	1.7	0.35	3.1	9.35	9.2	18.55
	1995	4.9	5.2	6.8	2.2	0.4	2.4	12.1	9.8	21.9
	1996 ^{a)}	4.4	4.85	5.9	2.0	0.4	3.5	10.7	10.35	21.05
Ireland	1992	0.15	-	0.55	-	-	-	0.7	-	0.7
	1993	0.3	-	0.55	-	-	-	0.85	-	0.85
	1994	0.1	-	0.6	-	-	-	0.7	-	0.7
	1995	0.05	-	0.65	-	-	-	0.7	-	0.7
	1997	0.05	-	0.7	-	-	-	0.75	-	0.75
Italy	1992	5.4	10.8	6.65	23.15	5.85	11.65	17.9	45.6	63.5
	1993	5.9	13.1	3.8	23.8	4.1	9.1	13.8	46.0	59.8
	1994	5.4	12.0	4.2	26.0	4.2	9.4	13.8	47.4	61.2
	1995	5.8	12.9	3.8	23.7	4.4	9.7	14.0	46.3	60.3
	1996 ^{c)}	6.1	13.5	4.2	26.1	5.6	12.5	15.9	52.1	68.0
Nether- Lands	1992	0.3	-	-	-	-	-	0.3	-	0.3
	1993	0.4	-	-	-	-	-	0.4	-	0.4
	1994	0.4	-	-	-	-	-	0.4	-	0.4
	1995	0.4	-	-	-	-	-	0.4	-	0.4
	1997	0.4	-	-	-	-	-	0.4	-	0.4

EU Member State		Dry bulk		Liquid bulk		Gen. Cargo		Total		Total
		Main Land	Islands	Main Land	Islands	Main Land	Islands	Main Land	Islands	
Portugal	1992	0.1	0.5	5.0	0.4	-	0.8	5.1	1.7	6.8
	1993	0.1	0.5	4.3	0.4	-	0.8	4.4	1.7	6.1
	1994	-	0.5	4.3	0.4	-	1.0	4.3	1.9	6.2
	1995	-	0.3	4.3	0.4	-	1.0	4.3	1.7	6.0
	1997	-	0.3	3.6	0.4	-	1.2	3.6	1.9	5.5
Spain	1992	4.9	1.2	11.65	6.65	0.3	9.8	16.85	17.65	34.5
	1993	4.25	0.95	9.5	6.4	0.35	10.15	14.1	17.5	31.6
	1994	4.65	0.85	8.15	8.45	0.25	11.05	13.05	20.35	33.4
	1995	3.95	0.95	9.7	12.2	0.25	11.15	13.9	24.3	38.2
	1997	2.75	1.95	6.8	13.1	0.3	12.2	9.85	27.25	37.1
Sweden	1992	3.55	1.85	6.9	0.1	-	0.1	10.45	2.05	12.5
	1993	3.55	1.7	7.15	0.1	-	0.1	10.7	1.9	12.6
	1994	3.55	1.4	7.15	0.45	-	0.1	10.7	1.95	12.65
	1995	3.75	1.8	7.6	0.15	0.3	-	11.65	1.95	13.6
	1997	3.4	1.75	7.3	0.15	0.3	0.05	11.0	1.95	12.95
United Kingdom (incl. Offshore)	1992	9.5	1.2	35.8	21.2	3.6	4.0	48.9	26.4	75.3
	1993	7.9	0.7	35.1	19.0	4.4	4.5	47.4	24.2	71.6
	1994	8.0	1.15	38.8	23.65	4.8	4.9	51.6	29.7	81.3
	1995	7.0	0.7	39.0	23.5	4.7	2.6	50.7	26.8	77.5
	1997	4.0	0.7	41.7	26.0	6.4	2.4	52.1	29.1	81.2
TOTALS	1992	31.6	20.95	76.75	56.6	10.15	38.7	118.5	116.25	234.75
	1993	28.9	21.45	69.35	54.45	9.25	37.6	107.5	113.5	221.0
	1994	33.45	22.8	82.0	63.95	9.6	40.2	125.05	126.95	252.0
	1995	33.15	24.35	84.75	72.25	10.05	37.5	127.95	134.1	262.05
	1996/7	28.85	25.5	83.75	71.45	13.0	42.75	125.6	139.7	265.3
EEA STATES										
Iceland	1993	0.05	-	0.3	-	0.05	-	0.4	-	0.4
	1994	0.05	-	0.3	-	0.05	-	0.4	-	0.4
	1995	0.05	-	0.3	-	0.05	-	0.4	-	0.4
	1997 ^{a)}	0.05	-	0.35	-	0.05	-	0.45	-	0.45
Norway	1993	8.0 ^{b)}	NA	4.55 ^{b)}	22	1.25 ^{b)}	NA	NA	NA	35.8
	1994	8.0	NA	4.5	27	1.2	NA	NA	NA	40.7
	1995	12.9	NA	4.0	22	1.0	NA	NA	NA	39.9
	1997 ^{a)}	14.3	NA	4.5	28	1.2	NA	NA	NA	48.0

- a. Consultants estimate.
- b. Includes estimated data, on trade volume, trades area or commodity allocation.
- c. Only European cabotage.

ANNEX III

Manning cost comparisons for cargo vessels for 1998.

Comparative net manning costs: general cargo vessel 1,500 gt

Register	Crew		Total Crew	Back up Factor ^{a)} Officers/ Ratings	Total Manning Cost/year (US\$ '000)	Index (Average 100)
	Officers	Ratings				
France ^{b)}	6E+0F	6E+0F	12	1.5/1.5	1,500	204
Iceland	5E+0F	5E+0F	10	1.5/1.5	1,041	142
Sweden ^{b)}	4E+0F	5E+0F	9	2.0/2.0	974	133
NOR ^{b)}	4E+0F	3E+0F	7	2.0/2.0	942	128
Belgium ^{b)}	5E+0F	4E+0F	9	1.5/1.5	917	125
Kerguelen ^{b)}	4E+2F	1E+5F	12	1.8/1.8	832	113
Finland ^{b)}	5E+0F	6E+0F	11	1.2/1.2	823	112
Ireland ^{b)}	4E+0F	4E+0F	8	1.5/1.5	811	110
Germany ^{b)}	3E+1F	3E+1F	8	1.8/1.8	810	110
Italy	6E+0F	6E+0F	12	1.5/1.5	775	105
Denmark ^{b)}	3E+0F	3E+0F	6	1.8/1.4	742	101
UK ^{b)}	4E+0F	4E+0F	8	1.5/1.5	677	92
DIS (max)	3E+0F	3E+0F	6	1.8/1.4	666	91
Greece	5E+0F	7E+0F	12	1.6/1.6	592	81
ISR ^{b)}	3E+1F	1E+3F	8	1.5/1.5	572	78
Portugal	5E+0F	4E+0F	9	1.5/1.5	510	69
Spain	5E+0F	6E+0F	11	1.8/1.4	504	69
NIS ^{b)}	2E+1F	0E+4F	7	2.0/2.0	420	57
Dutch ^{b)}	3E+0F	3E+0F	6	1.7/1.7	408	56
Canary	5E+0F	2E+4F	11	1.8/1.4	345	47
MAR	3E+2F	2E+2F	9	1.5/1.5	293	40
DIS (min)	1E+2F	0E+4F	7	1.8/1.4	271	37

Average					735	100
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a. Applies to national seafarers only

b. Based on ISF data

E: EU/EEA nationals

F: Foreign

Source: MERC/TecnEcon

Comparative manning costs: dry cargo vessel 3,300 gt

Register	Crew		Total Crew	Back up Factor ^{a)} Officers/ Ratings	Total Manning Cost/year (US\$ '000)	Index (Average 100)
	Officers	Ratings				
France ^{b)}	7E+0F	9E+0F	16	1.8/1.8	1,932	200
Denmark ^{b)}	6E+0F	4E+0F	10	1.8/1.4	1,325	137
NOR ^{b)}	5E+0F	4E+0F	9	2.0/2.0	1,207	125
DIS (max)	6E+0F	4E+0F	10	1.8/1.4	1,193	124
Finland ^{b)}	7E+0F	9E+0F	16	1.2/1.2	1,190	123
Iceland	6E+0F	5E+0F	11	1.5/1.5	1,162	120
Sweden ^{b)}	5E+0F	5E+0F	10	2.0/2.0	1,124	117
Italy	7E+0F	9E+0F	16	1.5/1.5	1,070	111
Kerguelen ^{b)}	4E+3F	3E+6F	16	1.8/1.8	1,052	109
Belgium ^{b)}	6E+0F	4E+0F	10	1.5/1.5	1,046	108
Ireland ^{b)}	5E+0F	5E+0F	10	1.5/1.5	1,014	105
Spain	6E+0F	8E+0F	14	1.8/1.4	971	101
UK ^{b)}	5E+0F	5E+0F	10	1.5/1.5	846	88
Greece	6E+0F	7E+0F	13	1.6/1.6	802	83
Germany ^{b)}	3E+1F	2E+4F	10	1.8/1.8	800	83
ISR ^{b)}	3E+1F	2E+4F	10	1.5/1.5	667	69
Portugal	5E+0F	8E+0F	13	1.5/1.5	586	61
Canary	6E+0F	2E+6F	14	1.8/1.4	532	55
DIS (min)	2E+4F	0E+5F	11	1.8/1.4	494	51
Dutch ^{b)}	5E+0F	0E+3F	8	1.7/1.2	455	47
NIS ^{b)}	2E+2F	0E+4F	8	2.0/2.0	449	47
MAR	3E+2F	2E+4F	11	1.5/1.5	339	35

Average					965	100
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a. Applies to national seafarers only

b. Based on ISF data

E: EU/EEA nationals

F: Foreign

Source: MERC/TecnEcon

Comparative manning costs: products tanker 9,000 gt

Register	Crew		Total Crew	Back up Factor ^{a)} Officers/ Ratings	Total Manning Cost/year (US\$ '000)	Index (Average100)
	Officers	Ratings				
France ^{b)}	7E+0F	11E+0F	18	1.8/1.8	2,115	173
NOR ^{b)}	7E+0F	8E+0F	15	2.0/2.0	1,971	161
Denmark ^{b)}	7E+0F	5E+0F	12	1.8/1.4	1,572	129
Iceland	7E+0F	7E+0F	14	1.5/1.5	1,457	119
DIS (max)	7E+0F	5E+0F	12	1.8/1.4	1,415	116
Italy	7E+0F	13E+0F	20	1.5/1.5	1,352	111
Sweden ^{b)}	6E+0F	6E+0F	12	2.0/2.0	1,349	111
Finland ^{b)}	7E+0F	11E+0F	18	1.2/1.2	1,307	107
Spain	7E+0F	10E+0F	17	1.8/1.4	1,295	106
Belgium ^{b)}	7E+0F	5E+0F	12	1.5/1.5	1,243	102
Germany ^{b)}	5E+2F	2E+6F	15	1.8/1.8	1,217	100
Ireland ^{b)}	4E+0F	8E+0F	12	1.5/1.5	1,116	91
Kerguelen ^{b)}	4E+3F	3E+8F	18	1.8/1.8	1,081	89
Greece	7E+0F	13E+0F	20	1.6/1.6	1,050	86
ISR ^{b)}	5E+2F	2E+6F	15	1.5/1.5	1,014	83
UK ^{b)}	4E+0F	8E+0F	12	1.5/1.5	915	75
NIS ^{b)}	4E+3F	0E+8F	15	2.0/2.0	868	71
Portugal	7E+0F	11E+0F	18	1.5/1.5	859	70
Canary	7E+0F	3E+7F	17	-	698	57
Dutch ^{b)}	7E+0F	0E+8F	15	1.7/1.2	696	57
DIS (min)	2E+5F	0E+6F	13	1.8/1.4	537	44
MAR	4E+3F	5E+6F	18	1.5/1.5	497	41

Average					1,220	100
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a. Applies to national seafarers only

b. Based on ISF data

E: EU/EEA nationals

F: Foreign

Source: MERC/TecnEcon